

Message Text

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PAGE 01 STATE 137598
ORIGIN EB-07

INFO OCT-01 EA-07 ISO-00 EUR-12 TRSE-00 OMB-01 XMB-02
AID-05 IGA-02 IO-13 PM-04 NSC-05 SP-02 SS-15
CIAE-00 INR-07 NSAE-00 L-03 H-01 DODE-00 NSCE-00
SSO-00 USIE-00 INRE-00 /087 R

DRAFTED BY EB/IFD/OMA: C H ERVIN

APPROVED BY EB: P H BOEKER

EUR/WE: K SMITH

TREAS: D SYVRUD

EA/J: D SMITH

-----142006Z 067120 /73

O 141939Z JUN 77

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO IMMEDIATE

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E.O. 11652: N/A

TAGS: EFIN, PO, JA

SUBJECT: FINANCIAL ASSISTANCE FOR PORTUGAL

REF: TOKYO 8745

1. EMBASSY IS REQUESTED TO APPROACH APPROPRIATE GOJ OFFICIALS TO URGE THAT THEY FULLY EXPLORE MEANS OF PROVIDING AN EFFECTIVELY UNTIED CREDIT AS THEIR CONTRIBUTION TO THE INTERNATIONAL LENDING EFFORT FOR PORTUGAL. THE U.S. WOULD ALSO HOPE THAT THE JAPANESE WOULD CONSIDER INCREASING THE AMOUNT OF THEIR PROPOSED CONTRIBUTION. EMBASSY MAY WISH TO USE THE FOLLOWING AS BACKGROUND FOR THIS APPEAL.

2. PARTICIPANTS AT THE MAY 16 MEETING AGREED ON THE MAGNITUDE OF PORTUGAL'S FINANCING NEEDS IN THE NEAR TERM AND SPE-

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CIFIED THAT LOANS WITHIN THE INTERNATIONAL LENDING FRAMEWORK SHOULD HAVE CERTAIN CHARACTERISTICS. ONE SUCH CHARACTERISTIC WAS THAT LOANS WOULD NOT BE TIED TO PROJECTS OR SOURCES OF PROCUREMENT. TIED LOANS WOULD BE INAPPROPRIATE BECAUSE THEY ARE NOT FAST-DISBURSING AND WOULD NOT HELP COVER PORTUGAL'S NEAR TERM FINANCING NEEDS. TIED LOANS WOULD ALSO NOT BE COMPARABLE TO ASSISTANCE BEING OFFERED BY

OTHER COUNTRIES. INCLUSION OF SUCH LOANS WOULD RISK ALTERING THE NATURE OF THE TOTAL ASSISTANCE EFFORT.

3. IT IS OUR UNDERSTANDING THAT THERE MAY BE CONSIDERABLE FLEXIBILITY WITHIN JAPANESE EXPORT-IMPORT BANK LAW TO ALLOW FOR CREDITS OR GUARANTEES WHICH ARE NOT TIED TO JAPANESE EXPORTS. FOR EXAMPLE, ARTICLE 18(8) OF THE JAPAN EXPORT-IMPORT BANK LAW (ENGLISH INFORMATIONAL VERSION) PROVIDES THAT THE JAPAN EXPORT-IMPORT BANK MAY CARRY ON BUSINESS ACTIVITIES, QUOTE, FOR THE PURPOSE OF FACILITATING THE DEVELOPMENT OR MAINTENANCE OF JAPAN'S EXPORT OR IMPORT MARKETS OR JAPAN'S ECONOMIC INTERCHANGE WITH FOREIGN COUNTRIES, (I) THE LENDING TO FOREIGN GOVERNMENTS, ETC., FOREIGN BANKS OR OTHER FOREIGN FINANCIAL INSTITUTIONS OF LONG TERM FUNDS NECESSARY FOR (A) THEIR ENTERPRISES CARRIED ON OUTSIDE JAPAN OR FOR (B) THEIR IMPORT OF GOODS (INCLUDING EQUIPMENT) OR FOR THEIR ACCEPTANCE OF TECHNICAL SERVICES, OR (II) THE ACQUIRING THROUGH SUBSCRIPTION OR OTHERWISE OF PUBLIC BONDS ISSUED BY THE FOREIGN GOVERNMENTS, ETC. SO THAT THEY MAY PROCURE THE LONG-TERM FUNDS NECESSARY FOR THEIR ENTERPRISES. END QUOTE. THE FOREGOING LANGUAGE SEEMS SUFFICIENTLY GENERAL TO PERMIT THE EXTENSION OF UN-TIED CREDITS, ESPECIALLY SINCE OTHER PARAGRAPHS IN ARTICLE 18 WHICH DESCRIBE ADDITIONAL EXPORT-IMPORT BANK PURPOSES SPECIFICALLY TIE CREDITS TO JAPANESE EXPORTS. ADDITIONALLY, THE JAPAN EXPORT-IMPORT BANK MAY BE ABLE TO GUARANTEE COMMERCIAL BANK CREDITS WHICH ARE NOT RELATED TO JAPANESE EXPORTS. ARTICLE 18 (11) WHICH SPECIFIES FURTHER BUSINESS ACTIVITIES STATES, QUOTE, IN CASE BANKS HAVE PRO-LIMITED OFFICIAL USE

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4. IF, HOWEVER, IT IS LEGALLY IMPOSSIBLE FOR GOJ TO PROVIDE AN UNTIED CREDIT OR GUARANTEE, EMBASSY MAY SUGGEST THAT AN ASSIGNMENT OF NEW CREDITS TO PREVIOUS JAPANESE EXPORTS WOULD BE PREFERABLE TO CREDITS FOR FUTURE EXPORTS. FOR EXAMPLE, CREDITS COULD BE APPLIED TO A BROAD BASE OF CONSUMER AND INTERMEDIATE GOODS EXPORTS FOR A PERIOD DURING 1977. THIS TYPE OF CURRENT OR RETROACTIVE CREDIT, EVEN THOUGH TIED TO JAPANESE EXPORTS WOULD BE FAST-DISBURSING AND WOULD RELEASE PORTUGUESE EXCHANGE IN 1978 FOR PROCUREMENT WORLDWIDE AND THUS BE MORECONSISTENT WITH PORTUGAL'S REQUIREMENTS.

5. EMBASSY IS REQUESTED TO URGE GOJ TO CONSIDER INCREASING THE AMOUNT OF THEIR INTENDED CONTRIBUTION IN VIEW OF THE INCREASED MAGNITUDE OF PORTUGAL'S ESTIMATED FINANCIAL REQUIREMENTS. THE U.S., FOR ITS PART, HAS ALREADY MADE AVAILABLE FOR 1977 OVER 140 MILLION DOLS IN COMMODITY ASSISTANCE FOR PORTUGAL. WE ARE PRESENTLY IN THE PROCESS OF EXPANDING THE AMOUNT OF IMMEDIATELY AVAILABLE MEDIUM TERM COMMODITY CREDIT IN ORDER TO ADDRESS FAST APPROACHING FINANCIAL PROBLEMS.

6. FYI. WE ARE EXPECTING TO TRANSMIT WITHIN THE NEXT FEW DAYS A LETTER FROM PRESIDENT CARTER TO PRIME MINISTER FUKUDA ON THIS SUBJECT. THE LETTER WILL URGE SUBSTANTIAL JAPANESE PARTICIPATION IN THE FORM OF EFFECTIVELY UNTIED CREDITS. YOU SHOULD, HOWEVER, EXPLORE WITH GOJ NOW THE POSSIBILITIES FOR AN EFFECTIVELY UNTIED CREDIT. END FYI.
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PAGE 04 STATE 137598

7. EMBASSY SHOULD ALSO INDICATE THAT THE U.S. ANTICIPATES A VERY SUCCESSFUL OUTCOME TO THE JUNE 22 MEETING. INFORMALLY, EMBASSY MAY INDICATE THAT COUNTRIES WHICH ARE ALREADY PREPARED TO MAKE A POSITIVE ANNOUNCEMENT INCLUDE THE U.S., THE FEDERAL REPUBLIC OF GERMANY, FRANCE, ITALY, SWITZERLAND AND NORWAY. ALMOST ALL OTHER PROSPECTIVE DONORS ARE MAKING RAPID PROGRESS ON THEIR DECISION TO PARTICIPATE. THE PROPOSED U.S. LOAN IS GAINING INCREASING SUPPORT IN THE U.S. CONGRESS. THE HOUSE APPROPRIATIONS COMMITTEE APPROVED THE 300 MILLION DOLS U.S. LOAN JUNE 14. WE EXPECT A FAVORABLE SENATE APPROPRIATION COMMITTEE ACTION BY THE END OF JUNE. THE U.S. IS CONFIDENT THAT OUR CONGRESS WILL APPROVE THE U.S. CONTRIBUTION AND THAT THE SUPPORT OF OTHER COUNTRIES WILL MAKE THIS A SUBSTANTIAL AND TRULY INTERNATIONAL UNDERTAKING. CHRISTOPHER

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PAGE 01 STATE 137598
ORIGIN EB-04

INFO OCT-01 ISO-00 /005 R

66011

DRAFTED BY:EB:IFD:OMA:CHERVIN

APPROVED BY:EB:IFD:OMA:RJRYAN

-----160713Z 087711 /21

R 160232Z JUN 77

FM SECSTATE WASHDC

TO AMEMBASSY LISBON

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FOLLOWING TELEGRAM FROM SECSTATE WASHDC DATED JUNE 14,
1977 SENT TOKYO IS REPEATED TO YOU: QUOTE

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCIAL CONTRIBUTIONS, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Sent Date: 14-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE137598
Document Source: CORE
Document Unique ID: 00
Drafter: C H ERVIN
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770212-0548
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770658/aaaabyqf.tel
Line Count: 311
Litigation Code IDs:
Litigation Codes:
Litigation History:
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Message ID: cbb8417d-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 TOKYO 8745
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags: ANOMALY
Review Date: 25-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2154544
Secure: OPEN
Status: NATIVE
Subject: FINANCIAL ASSISTANCE FOR PORTUGAL
TAGS: EFIN, EAID, PO, JA
To: TOKYO
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/cbb8417d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
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EO Systematic Review
22 May 2009
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